



USDA Foreign Agricultural Service

GAIN Report

Global Agriculture Information Network

Template Version 2.09

Required Report - public distribution

Date: 10/3/2005

GAIN Report Number: NZ5017

New Zealand

Exporter Guide

Annual

2005

Approved by:

David Rosenbloom
U.S. Embassy

Prepared by:

Vinita Sharma

Report Highlights:

New Zealand is a well-developed market consisting of 4.1 million people. Total agricultural exports from the United States to New Zealand in calendar year 2004 totaled \$126 million, two-thirds consisting of consumer-oriented products. The United States holds a 11 percent market share of New Zealand's imports of consumer oriented foods and beverages. New Zealand can be a good export destination for new-to-export companies. New Zealanders consider U.S. products as being of excellent quality and appealing in the sense that they are "different or new".

Includes PSD Changes: No
Includes Trade Matrix: No
Annual Report
Wellington [NZ1]
[NZ]

Section I: Market Overview

New Zealand is a well-developed market consists of 4.09 million people, with an annual population growth rate of only about 0.5 percent. It is a largely urbanized society with two-thirds residing in the principal urban areas of Auckland (1.2 million), Wellington (451,600), and Christchurch (344,000). New Zealand's half of all population is aged over 35 years, compared with a median of 32 a decade ago. New Zealand population is diverse and multi-cultural. Approximately 80 percent of New Zealanders are of European origin, with around 15 percent Maori, 6 percent Polynesian, 3 percent Asian and 2 percent Indian.

- The United States is New Zealand's second largest trading partner for agricultural products. Total agricultural exports from the United States to New Zealand in calendar year 2004 totaled \$126 million, two-thirds consisting of consumer-oriented products. U.S. exports to New Zealand emphasize fresh fruit, processed fruit & vegetables, pet food, snack foods and dairy products.
- In 2003, the United States held a 11 percent market share of New Zealand's imported consumer oriented foods and beverages. The U.S. share has declined slightly since 2001, due largely to a strong U.S. dollar.
- New Zealand can be a good export destination for new-to-export companies. U.S. products are seen as being of excellent quality and are usually appealing in the sense that they are "different or new".
- There is an intense price-based competition from domestic products and those from Australia. Australia holds a 50 percent market share for imported consumer foods.
- The retail supermarket sector is dominated by only two companies. Foodstuffs (NZ) Limited, controls about 55 percent of the supermarket trade while Progressive Enterprises, holds the remaining share.

New Zealand has a market economy with manufacturing and service sectors complementing an export-orientated agricultural sector. Close to one-third of New Zealand's total goods and services are exported. The largest export markets are Australia, United States, Japan and the UK. Australia, followed by the United States, is the largest source of imported foods and beverages.

Economic Growth

- Economic activity in New Zealand was reasonably strong in 2003/04. Real Gross Domestic product (GDP), which is an acceptable indication of market activity, increased 3.1 percent in the year ending June 2005.
- The unemployment rate dropped to 3.7 percent of the labor force.
- Per capita income is estimated at about NZ\$30,154 (US\$21,108). The exchange rate as of the end of September 2004 was NZ\$1=US\$0.70.
- An Average household spends \$758 per week on their total expenditure and almost 17 percent of which is spent on food. Meals away from home and ready-to-eat foods accounted for 25 percent of all food expenditure.

Advantages/Challenges for U.S. Consumer Food Exports to New Zealand

Advantage	Challenge
Familiar business environment for U.S. exporters, including language, communication and customs	Weak New Zealand dollar against U.S. dollar increases import costs for U.S. products
Minimum barriers to trade including low tariffs	Strict phytosanitary/sanitary regulations with regard to fresh produce and meats.
U.S. products hold an image of 'new' and 'high quality'	Consumer foods imported from Australia and Canada are entered free, while U.S. exports pay 0-7% tariffs.
U.S. fresh fruit supplies market demand during New Zealand's off-season.	The Treaty of Closer Economic Cooperation with Australia eliminates tariffs on Australian products resulting in high import of Australian goods.

SECTION II: EXPORTER BUSINESS TIPS

- Business practices are very similar to those in the United States. It is regarded as a common and courteous practice to make and keep appointments in a timely manner. Corporate officials at the most senior level are usually reachable and available for business consultations.
- New Zealand is a sophisticated market interested in new-to-market food products.
- New Zealand importers like to deal directly with U.S. manufacturers rather than brokers.
- Local agents/distributors can be useful in facilitating and promoting exports of some U.S. consumer-ready foods to New Zealand.
- New Zealand is a health conscious market. Fat-free or other health-oriented consumer foods have good sales potential.
- Increase in immigration, travel and education have created opportunities for ethnic foods— Asian, Mexican, Turkish and Indian.
- Many New Zealand importers visit the United States at least once a year to see what is available and to place orders.
- Every year, several New Zealand importers attend the Food Marketing Institute's (FMI) Supermarket Show in Chicago, Fancy Food Show, the Produce Marketing Association (PMA) Show and other popular international shows like ANUGA and SIAL.

New Zealand Food Laws

- The Food and Agriculture Import Regulations and Standards (FAIRS) report for New Zealand contains detailed information on New Zealand's food standards, labeling requirements, import regulations, etc. This report bearing report number NZ5011 can be viewed/downloaded at the following Internet site:
<http://www.fas.usda.gov/scripts/attacherep/default.htm>
- The Food Standards Code is developed and updated by Food Standards Australia New Zealand Food (FSANZ). The Code was recently completely reviewed and consolidated into a joint code that applies to both New Zealand and Australia. The new Code came into final effect in December 2002 (it was in a transitional phase for the prior two years). More information is available on the FSANZ web site at the following address: <http://www.foodstandards.gov.au/>.
- \$ In December 2001, mandatory labeling requirements for genetically modified foods, where introduced DNA or protein is present in the final food, came into effect in New Zealand. The requirements are covered in [Standard 1.5.2](#) of the joint Australia New

Zealand Food Standards Code and FSANZ has developed a [User Guide](#) to help interpret the requirements. This information is available on the Internet by clicking on the above links or at the FSANZ web site listed above.

- \$ Imported food products sold in New Zealand must comply with the [New Zealand \(Maximum Residue Limits of Agricultural Compounds\) Food Standard](#). This Standard lists the MRLs for a range of pesticides and veterinary drugs, but also includes a provision for residues of up to 0.1 mg/kg for veterinary drug or pesticide/food combination not specifically listed. Under this NZ MRL Standard, pesticide and veterinary drug residues in food must:
 - Comply with the specific MRLs listed in the NZ Food Standard (including the "default MRL of 0.1 mg/kg where no specific MRL is listed) OR
 - Comply with [Codex MRLs](#) (for imported food)
- \$ On September 2004, the Commerce Commission of New Zealand issued a Proposed Draft Guidelines for the Labeling of Genetically Modified Foods and Food Products. The new draft reaffirms the Commission's longstanding policy that any food product claiming to be 'GM-Free' will breach the Fair Trading Act if it contains any trace of genetically modified products, or if any of its components have been made by a process involved genetic modification. For more details please check www.comcom.govt.nz
- \$ Food sold in New Zealand must be labeled in accordance with the Food Standards Code. Labels must include the following information:
 - a. The name of the food
 - b. Lot identification
 - c. Name and address
 - d. Mandatory warning statements, advisory statements and declarations for certain ingredients/substances
 - e. Mandatory declaration of certain ingredients/substances
 - f. Ingredient list
 - g. Food additives
 - h. Date marking: Most packaged foods with a shelf life of less than two years must have one of the following date marks
 - i. `Use By' dates, which relate to food safety
 - j. `Best Before' dates, which relate to quality
 - k. Directions for use and storage
 - l. Nutrition Information Panel

Domestic Trade Shows

There are three major domestic Food Trade Shows in New Zealand:

1. *Foodstuffs Food Show*

This food show is a trade only show and exclusively targets Foodstuffs Limited supermarket store owners/buyers and distributors from Upper North Island and from the South Island. Foodstuffs Limited operates more than 150 supermarkets throughout New Zealand and controls about 55 percent of New Zealand's retail, supermarket food trade. This show alternates between retail foods and fresh-produce (including seafood, deli, butchery, fresh produce and bakery). It takes place every August in Palmerston North. Their contact details are:

Foodstuff Food Show
Silverstream
Wellington
Atn: David Black
Tel: 64-4-527-2607

2. *Hospitality Food and Wine Show:*

Around 8,000 visitors attend this show. This show attracts hospitality industry contacts and some local food importers/buyers. It takes place every September in Auckland. Contact details are as follows:

The XPO Group Ltd
PO Box 9682 New Market
Auckland, New Zealand
Tel: 64-9-300-3950
Fax: 64-9-379-3358
Internet Homepage: <http://www.katrinagordon.co.nz>

3. *Katrina Gordon Show*

This local food show takes place in 16 major cities of New Zealand, including Auckland, Wellington, Christchurch and Queenstown in different months throughout the year. For more information, they can be contacted at:

Katrina Gordon Trade Shows
PO Box 8647
Christchurch, New Zealand
Tel: 64-3-348-2042
Fax: 64-3-348-0950
Internet Homepage: <http://www.kgts.co.nz>

SECTION III: MARKET SECTOR STRUCTURE AND TRENDS

A. Retail Food Sector

New Zealand's food retail sector accounts for NZ\$10.5 billion (US\$7.3 billion). After consolidation in 2002, New Zealand grocery industry had two major supermarket chains, Foodstuffs (NZ) Ltd and Progressive Enterprises Limited. In May 2005, an Australian supermarket group Woolworth Limited (Australia), bought Progressive Enterprises of New Zealand. This included 63 Woolworths stores, 30 Foodtown, 57 Countdown, 31 Supervalu, 12 Fresh Choices and 23 Woolworths Micro and Quickstop Convenience stores. Woolworth will have 44 percent of the New Zealand grocery's market share. It is predicted that this takeover bid will start a price war in New Zealand grocery industry. Woolworths Limited will be able to use their experience and economies of scale to compete against local retailers.

Foodstuffs Limited consists of three regionally based, retailer-owned co-operative companies, along with their parent company Foodstuffs (NZ) Ltd. The three co-operatives are: Foodstuffs (Auckland) Co-operative Society Limited, which covers the middle to upper North Island; Foodstuffs (Wellington) Co-operative Society Ltd, which covers the southern half of the North Island; and Foodstuffs (South Island) Co-operative Society Limited which covers the entire South Island. Foodstuffs controls 56 percent of the country's supermarket trade.

New Zealand grocery industry remains to be a duopoly of Progressive Enterprises and Foodstuffs (NZ) Limited.

New Zealand retail market distribution

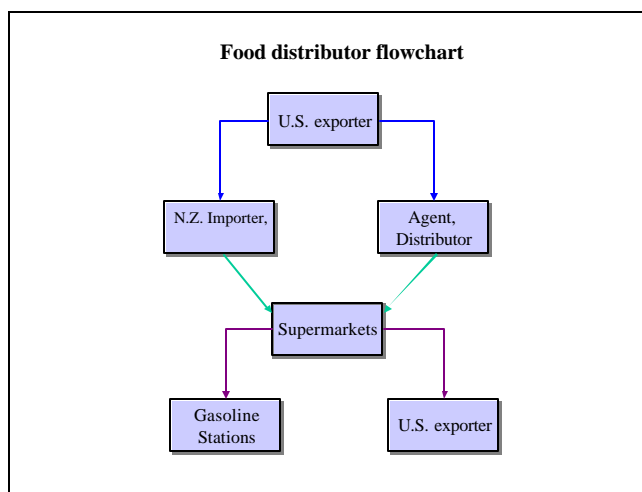
Supermarket	Owned By	Market Share	Brands of Supermarket
Foodstuffs (NZ) Ltd	New Zealand owned; made up of three independently owned co-operatives	56%	<ul style="list-style-type: none"> ▪ New World ▪ Pak N Save ▪ Write Price ▪ Four Square
Progressive Enterprises	Owned by Woolworths Limited (Australia).	44%	<ul style="list-style-type: none"> ▪ Woolworth ▪ Foodtown, ▪ Countdown ▪ Supervalu ▪ Fresh Choices

Close to 80 percent of all retail product food sales in New Zealand are made through supermarkets. The balance of the retail food trade consists largely of corner stores called dairies and gas station convenience stores.

Interesting facts about New Zealand food shoppers

- New Zealand shoppers spend about NZ\$10.5 billion (US\$7.4 billion) in 2005 in New Zealand's 654 supermarkets (includes all retail products sold through supermarkets, i.e. food products, cleaning products, gardening etc.). This represented an annual growth of 5.3 percent.
- Supermarkets sold \$903 million (US\$632 million) of private label goods in 2004, accounting for 11.5 percent of all grocery sales.
- Average household weekly expenditure total NZ\$758 (US\$530). This included approximately NZ\$142.50 (US\$100) per week on food, and NZ\$37 (US\$26) was spent on meals away from home.
- New Zealand's food sales is driven by three key factors – health, convenience and value for money.

U.S. exporters can appoint agents, distributors or import brokers who can target food category/merchandise managers at major wholesalers and supermarkets chains. Approximately 90 percent of all imported food products are purchased by and distributed within New Zealand by importers/agents/distributors.



A. Retail industry information

The *Foodstuffs (NZ) Limited* is one of the largest grocery distributors, representing 461 stores in New Zealand. The marketing organization of Foodstuffs Limited consists of three regionally based, retailer-owned co-operative companies, along with their parent company Foodstuffs (NZ) Ltd. The three co-operatives are: Foodstuffs (Auckland) Co-operative Society Limited, which covers the middle to upper North Island; Foodstuffs (Wellington) Co-operative Society Ltd, which covers the southern half of the North Island; and Foodstuffs (South Island) Co-operative Society Limited which covers the entire South Island. U.S. exporters should contact each of the regional Foodstuffs offices since they make buying decisions independently of each other.

<i>Foodstuffs (Wellington) Co-operative Society Limited</i> PO Box 38-896 Kiln Street, Silverstream Wellington, New Zealand Atn: Eve Kelly, Purchase Manager Tel: +64-4-527-2510 Email: eve.kelly@foodstuffs-wgtn.co.nz	<i>Foodstuffs (Auckland) Co-operative Society Limited</i> PO Box CX12021 Auckland, New Zealand Atn: Mr. Tony Olson, Purchase Manager Tel: +64-4-621-0641 Email: toolson@foodstuffs.co.nz
<i>Foodstuffs (South Island) Co-operative Society Limited</i> 167, Main North Road, Papanui Christchurch, New Zealand Atn: Graham May, Purchase Manager Tel: +64-3-353-8648 Email: gmay@foodstuffs-si.co.nz	

Progressive Enterprises recently bought by Woolworths Limited (Australia) is one of Australia's largest publicly listed companies. Woolworths Limited operates retail outlets in both Australia and New Zealand. It holds 44 percent of the New Zealand's grocery market and controls 179 stores in New Zealand under the supermarket banner group of Foodtown, Woolworths, Countdown, Supervalu and Fresh Choice.

All import-purchasing decisions are made at its headquarters in Auckland. Exporters may contact the following office regarding export sales enquiries:

Progressive Enterprises

Private Bag 93306

Otahuhu

Auckland, New Zealand

Atn: Graham Walker, Business Manager

Tel +64-9-275-2621

email: graham.walker@progressive.co.nz

New developments taking place in New Zealand retail industry:

- a. It is reported that Costco Wholesale Corporation has been bidding for sites in Sydney and Melbourne, Australia to open Costco stores. It is speculated that Costco will open its stores in Australia in 2005 and enter New Zealand market in 2007.
- b. The German chain Aldi has confirmed their interest in entering New Zealand market. It is predicted that Aldi will enter New Zealand market in 2010.

A. Industry/Product Trends

Retail food sales are affected by New Zealand's changing lifestyle. Emerging trends include:

- New Zealand consumers are open to 'new' or 'unique' U.S. food products. Consumer ready foods continue to dominate the import market.
- The traditional 'starting from scratch meals' is in decline. In 2001, 50 percent of those cooking the evening meal used pre-prepared ingredients in comparison to 45 percent in 1999. Products like heat & eat, frozen foods and ethnic carry-out food consumption is on the rise.
- The multi-cultural population will mean an increase in consumption of ethnic foods at home. Supermarkets are responding by devoting increased shelf space and expanding the range of ethnic products with fresh, frozen and ready-to-eat meals.
- Consumption of red meat and dairy products is on the decline while consumption of vegetable, fresh fruit and fish is increasing.
- Supermarket sales of chilled (milk/butter/cheese) and frozen foods like ready-to-eat meals showed the biggest growth in 2004 at NZ\$1.5 billion (US\$ 1 billion), a 10 percent share of total grocery sales.
- The trend towards meat-free meals is growing, with one in two New Zealand consumers eating at least one meat-free meal per week.
- Due to busy lifestyles and demanding workplaces, the trend to eat out or use ready-to-eat and heat & eat meals is on the rise. Microwave ovens are present in 70 percent of New Zealand homes. There are opportunities for U.S. exporters of prepared or microwave-ready meals, frozen and pack-to-plate foods and snacks. Strong competition exists, however, from Australian and New Zealand products.
- Tariffs on imported goods already are generally lower (no more than 7 percent) and are scheduled to be lowered further over the next few years.

- Strict sanitary and phytosanitary standards need to be met for exporting fresh produce, meat, and poultry products.
- New Zealand has strict food standards and labeling requirements, which are set out in the joint Food Standards Australia New Zealand (FSANZ). For more information see www.foodstandards.govt.nz

B. Private Label Trend

New Zealand consumers spent NZ\$10.5 billion (US\$7.35 billion) on scanned supermarket private label brands in 2004. Private label is seen as a viable alternative to branded products. Currently, private label holds 11.5 percent of the share of the supermarket sales in New Zealand. Private label products are present in 64 percent of grocery categories and their annual growth of 4.7 percent, which is parallel to the big brand grocery items.

In a recent survey conducted by AC Nielsen, 80 percent of New Zealand buyers considered private label products to be good value for money compared to a global average of 69 percent. Approximately, 72 percent of buyers considered private label quality to be at least as good as the big brands compared to 62 percent globally.

Private Label sales are particularly strong in chilled foods category (22.6 percent share), bakery cookies (18 percent share) and shelf stable categories (16 percent share). Other categories where private label traditionally perform well are frozen meat and poultry and herbs and spices section of the supermarket.

Domestic Industry Trends

New Zealand food processing companies continue to move their operations offshore. This has led to an increasing reliance on food imports. This is particularly true for dry or packaged foods. Australia remains the dominant foreign supplier to the New Zealand food industry, with a 52 percent market share in 2001.

APPENDIX 1. STATISTICS**Table A. Key Trade and Demographic Information**

Key Trade & Demographic Information			
Agricultural Imports from All Countries/market share in 2003	(US\$)	\$1,429 million	11%
Consumer Food Imports from All Countries/Market Share (2003)	(US\$)	\$971	10%
Edible Fishery Imports from All Countries (20003)	(US\$)	\$51	3%
Total Population (Millions)/Annual Growth Rate - 2005		4.1 million	1.5%
Urban Population (Millions) - 2005		2.65 m	-
Number of Major Metropolitan Areas ¹		1	-
Size of the Middle Class (Thousands) ²		-	54.5%
Per Capita Gross Domestic Product (US\$)- 2004		\$18,174	-
Unemployment Rate (%) - 2004		-	3.7%
Per Capita Food Expenditure (US\$) - 2004		\$30.30	-
Exchange Rate			US\$1 = NZ\$1.70

1/ Under the definition 'in excess of 1 million' there is only one city Auckland (1,216,900). New Zealand has 4 major metropolitan areas: Wellington with a population of (342,000), Christchurch (342,104) and Hamilton (167,325) Auckland (1.0852m)

2/ New Zealand middle class: annual income ranging from NZ\$15,000 to NZ\$50,000

**Table C- New Zealand Imports
Consumer-Oriented Food Products**

New Zealand Top 15 Ranking	Import		
	2001	2002	2003
	1000\$	1000\$	1000\$
Australia	487,532	450,107	503,212
United States	113,383	74,727	99,405
Swaziland	0	17,288	27,780
Philippines	8,303	10,142	26,373
China (Peoples Republic)	13,609	15,133	23,012
Italy	20,995	17,508	21,394
Canada	31,994	18,219	20,456
Ecuador	26,269	32,039	20,196
Thailand	17,866	17,743	18,081
France	16,513	14,589	17,983
Netherlands	15,111	11,888	17,051
Fiji	11,094	11,000	13,445
United Kingdom	13,222	11,632	11,810
Germany	10,354	8,515	10,002
Free Zones	0	12,501	9,141
Other	148,751	110,982	131,616
World	935,026	833,811	971,037

**New Zealand Imports
Fish & Seafood Products**

New Zealand: Top 15 Ranking	Import		
	2001	2002	2003
	1000\$	1000\$	1000\$
<i>Thailand</i>	22,403	19,905	21,480
<i>Canada</i>	7,618	5,410	5,546
<i>China (Peoples Republic of)</i>	7,137	6,807	5,371
<i>Australia</i>	4,235	4,347	3,674
<i>Chile</i>	973	998	2,071
<i>Japan</i>	1,746	2,049	1,884
<i>Korea, Republic of</i>	1,860	1,811	1,565
<i>United States</i>	891	1,047	1,335
<i>Malaysia</i>	563	514	900
<i>Fiji</i>	610	491	822
<i>India</i>	1,286	1,013	674
<i>Indonesia</i>	1,373	1,268	586
<i>Singapore</i>	838	663	545
<i>Argentina</i>	66	209	537
<i>Taiwan (Estimated)</i>	533	403	407
<i>Other</i>	6,469	4,065	3,179
World	58,600	51,006	50,575

New Zealand Imports of Agriculture, Fish & Forestry Products

New Zealand Import (In Millions of dollars)	Imports from the world			Imports from the U.S.			U.S. Market Share		
	2001	2002	2003	2001	2002	2003	2001	2002	2003
CONSUMER ORIENTED FOODS	935	834	971	113	75	99	12%	9%	10%
Snack Foods (Excl Nuts)	113	96	117	06	03	04	06%	03%	03%
Breakfast Cereals & Pancake Mix	17	18	23	01	01	01	02%	0%	0%
Red Meats, Fresh/Chilled/Frozen	64	61	59	01	04	03	02%	06%	06%
Red Meats, Prepared/preserved	20	16	19	03	03	03	13%	18%	18%
Dairy Products (Excl. Cheese)	26	22	26	01	01	01	0.99%	0.5%	0.7%
Cheese	06	07	08	01	0	01	0.22%	0%	0%
Eggs & Products	02	02	01	01	01	01	06%	06%	05%
Fresh Fruit	65	71	90	16	11	22	24%	16%	24%
Fresh Vegetables	17	12	15	01	01	01	02%	03%	04%
Processed Fruits and Vegetables	115	96	115	17	11	12	15%	11%	11%
Fruit & Vegetable Juices	26	22	26	02	02	02	09%	09%	09%
Tree Nuts	14	12	13	03	03	03	25%	27%	24%
Wine & Beer	109	87	110	01	01	01	0.46%	0%	0.7%
Nursery Products & Cut Flowers	07	05	06	01	01	01	08%	08%	09%
Pet Foods (Dog & Cat Food)	36	35	45	13	10	13	35%	28%	29%
Other Consumer-oriented products	298	271	299	50	27	34	17%	10%	11%
Fish & Seafood Products	59	51	51	01	01	01	02%	02%	03%
Salmon	07	06	06	01	01	01	10%	13%	22%
Surimi	04	04	04	0	01	0	0%	0%	0%
Crustaceans	14	13	14	01	0	01	0%	0.6%	0%
Ground & Flatfish	08	05	02	0	01	01	0%	0.11%	0.5%
Molluscs	06	06	07	01	01	01	3%	3%	0.3%
Other Fishery Products	20	17	18	01	01	01	0%	0%	0%
AGRICULTURAL PRODUCTS TOTAL	1,454	1,276	1,429	175	121	151	12%	09%	11%
AGRICULTURAL, FISH & FORESTRY TOTAL	1,576	1,395	1,563	181	127	157	11%	09%	10%